FIFTY-SEVENTH

Annual Report

AND YEARBOOK

1948

GENERAL ELECTRIC

CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CORPORATION FILE

CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CORPORATION FILE

BOARDS
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Plant Locations

of the

Parent Company and its Domestic Manufacturing Affiliates

December 31, 1948

Comprises the 127 plants located in 94 cities in 22 states, owned or leased in the U.S.A., exclusive of plants operated for the U. S. Government.

California
Anaheim
Los Angeles
Oakland (3 Plants)
Ontario
San Francisco
San Jose

Connecticut
Bridgeport
Meriden (2 Plants)
Norfolk
Plainville (2 Plants)

Illinois
Benton
Chicago
Chicago Heights
Cicero (2 Plants)
Danville
Decatur
DeKalb
Mattoon

Indiana
Decatur
Ft. Wayne (3 Plants)
Huntingburg
Kokomo
Tell City
Wabash

Kentucky
Bowling Green
Lexington
Owensboro

Maryland
Baltimore

Massachusetts
Ashland (2 Plants)
East Boston
Everett (2 Plants)
Fitchburg
Holyoke
Lowell (3 Plants)
Pittsfield (5 Plants)
Springfield
Taunton
West Lynn (3 Plants)
Worcester (2 Plants)

Michigan
Detroit

Mississippi
Jackson

Missouri
St. Louis

New Hampshire
Somersworth

New Jersey
Bloomfield
Irvington
Newark
Trenton

New York
Brockport
Buffalo
Clyde
Coxsackie
Elmira
Ft. Edward
Johnson City
Maspeth
Mt. Vernon
Poughkeepsie
Saugerties
Schenectady (2 Plants)
Syracuse (3 Plants)
Utica (2 Plants)
Waterford
White Plains

North Carolina
Goldsboro

Ohio
Andover
Bellevue
Bucyrus
Circleville
Cleveland (6 Plants)
Conneaut
Coshocton
Dover
Euclid
Jefferson
Lockland
Niles (2 Plants)
Norwood
Tiffin
Warren (2 Plants)
Youngstown

Pennsylvania
Allentown
Bridgeville
Erie
New Kensington
Philadelphia
Scranton
York (2 Plants)

Rhode Island
Newport (2 Plants)
Providence (2 Plants)

Tennessee
Memphis

Texas
Houston

Vermont
Burlington

Washington
Seattle

Wisconsin
Milwaukee (2 Plants)

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NOTE: In this Report, the terms "General Electric" and "the Company" refer to the group comprising the Parent Company and its consolidated affiliates as listed in Note 1 to the financial statements; the terms "stockholders," "common stock," "directors," and "officers" generally refer only to the Parent Company. Other references to the Parent Company, alone, or references to the Parent Company and all, or certain groups, of its affiliates, are specifically designated as such. Amounts stated in round numbers, as a rule, are approximate.

Highlights of 1948

	1948	1947	PER CENT INCREASE
Net sales (shipments) billed to customers	$1,632,701,000	$1,330,776,000	22.7
Earnings (net profit) for the year	$ 123,835,000	$ 95,299,000	29.9
Earnings on each dollar of sales	7.6 cents	7.2 cents	5.6
Earnings on each share of common stock	$4.29	$3.30	29.9
Dividends declared on each share of common stock	$1.80 (a)	$1.60	12.5
Dividends paid on each share of common stock	$1.70 (b)	$1.60	6.2
Average number of stockholders	249,311	249,351	
Average number of employees (c)	196,798	185,696	6.0
Total earnings of employees (c)	$662,665,000	$559,756,000	18.4
Provision for all taxes for the year	$173,736,000	$129,446,000	34.2
Provision for depreciation of plant and equipment	$ 38,273,000	$ 28,334,000	35.1
Cost of plant and equipment additions	$103,874,000	$101,963,000	1.9

Increase year 1948 over year 1940:

Prices of General Electric products (d)	37%
Prices of all manufactured products (e)	95%
Weekly take-home—hourly rated employees (d)	83%
Cost of living (e)	71%

(a) 40 cents on February 27 and on May 28; 50 cents on September 10 and on November 19.

(b) 40 cents on January 26, on April 26, and on July 26; 50 cents on October 25.

(c) These data include the number of, and amounts earned by, employees on Nucleonics projects operated for the U.S. Government. However, since the Parent Company is reimbursed by the Government for all costs incurred in operating these projects, such costs are excluded from the Consolidated Statement of Income.

(d) Weighted average basis.

(e) Source: U.S. Department of Labor.

Schenectady, N. Y., March 11, 1949

To the Stockholders:

THIS ANNUAL REPORT, the fifty-seventh issued by General Electric, is submitted not only to record the Company's 1948 operating results and its financial position on December 31, but also to show how it carried out its responsibilities to society as a whole during the year just ended. Accordingly, the Report contains information which should be of interest to all persons affected by the functioning of General Electric as a corporate enterprise and who benefit most when the Company's operations are successful—its stockholders, its employees, its customers, the Government, and the public at large.

Measured in terms of the benefits accruing to each of these groups as a result of the Company's operations in 1948, the year was a successful one, perhaps the most successful year in General Electric's history, as indicated by the following:

> Nearly 250,000 stockholders, as owners of the business, were the beneficiaries of the net profit earned—an amount larger than that earned in any previous year and yet one which was relatively low in terms of its purchasing power and lower than in average prewar years in relation to the volume of sales.
>
> Nearly 200,000 employees, on the average, were provided with steady work at good jobs, with excellent tools, equipment, and working conditions, and received more compensation for their services than ever before.
>
> Hundreds of thousands of customers were furnished with all-time record quantities of labor-saving electrical products of the highest quality, at prices which had increased considerably less than half as much since 1940 as had the prices of all manufactured products.
>
> Federal, state, and local government agencies will collect, in the form of all kinds of taxes for the year, a sum nearly one and one half times the amount of the Company's earnings and approximately three and one half times the amount paid the owners of the business as dividends.
>
> And the general public, of course, benefited by sharing, both directly and indirectly, in each of the foregoing contributions to the economic welfare of the nation.

These and similar accomplishments, which have benefited so many people year after year, were made possible only because General Electric's operations have been profitable. Profits are the very lifeblood of any business, and for the same reason that no business can exist unless it earns a profit, our national economy cannot exist without business—the production and distribution of goods which improve the living standards of the people.

Formal accounting statements, showing the Company's operating results for 1948 and its financial position at the close of the year, appear on pages 15 through 18, and approval of these statements is shown, on page 19, in the report of the independent public accounting firm whose appointment by the Directors was ratified by the stockholders at their annual meeting in April 1948. However, for the convenience of those readers who are not accustomed to analyzing financial statements and are unfamiliar with the technical accounting terms used therein, the facts and figures are presented in simplified form in the paragraphs which follow.

Operating Results—Simplified

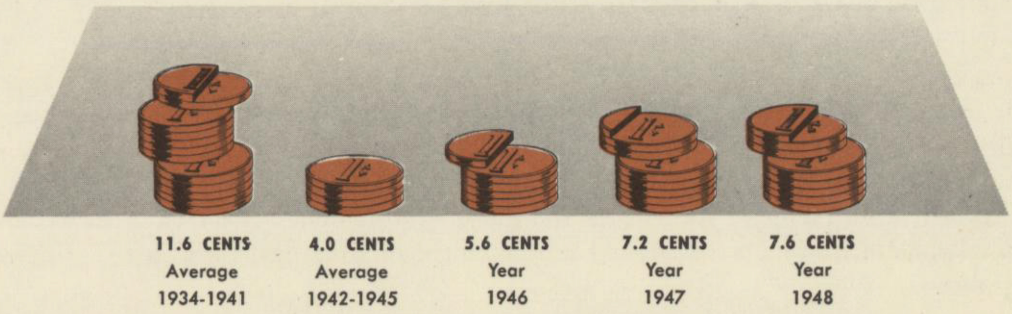
During 1948 the Company earned a net profit of $123,835,000—the amount by which the total income for the year exceeded the total cost of operating the business, as shown below:

	1948	1947	PER CENT INCREASE
Income was received from the following sources:			
Charges to customers for products and services (sales)	$1,632,701,000	$1,330,776,000	22.7
Dividends and interest on securities and bank balances, and miscellaneous non-operating income	18,858,000	16,768,000	12.5
Total income	1,651,559,000	1,347,544,000	22.6
From which income there was paid or provision made for:			
Compensation of employees (amount applicable to the above sales of products and services)	610,330,000	511,591,000	19.3
Pensions, insurance, social security taxes, and all other employee benefits (job dividends)	49,570,000	42,814,000	15.8
The wearing out of plant and equipment (depreciation)	38,273,000	28,334,000	35.1
Federal taxes on income	93,700,000	64,798,000	44.6
Interest on borrowed money, and other financial charges	5,281,000	5,344,000	*1.2*
Cost of purchased raw materials, processed parts, supplies, etc., and all other costs or charges	730,570,000	599,364,000	21.9
Total cost of operating the business	1,527,724,000	1,252,245,000	22.0
Leaving as earnings for the year (net profit—or net income)	$ 123,835,000	$ 95,299,000	29.9

As stated previously, the net profit earned in 1948 was greater than had been earned by the Company in any previous year. That fact, of itself, is not particularly significant since a proportionately greater number of dollars must, of necessity, be earned by *any* business if it is to remain solvent during periods of inflation. This is so because each dollar earned will purchase less than formerly, and thus it takes more dollars to acquire, at progressively higher costs, the plant, equipment, materials, etc., needed to support an expanding sales volume and to meet steadily mounting payroll, transportation, and other costs.

In times like these one of the more significant issues with respect to business profit is whether the amount is reasonable in relation to the volume of sales. General Electric's profit was *lower* in relation to sales in 1948 than in prewar years, as shown by the following chart. This means that the increase in the aggregate amount of profit resulted to a greater extent from the sale of more units at a lower rate of profit per unit than it did from higher selling prices.

NET PROFIT PER DOLLAR OF SALES



Price Changes

The pattern of General Electric's product prices was quite erratic in 1948. Price reductions ranging from 3 per cent to 10 per cent, and covering a wide variety of items, were put into effect during January and April. As previously announced, such lower prices were expected to save consumers about $60,000,000 a year. These moves were made because the management believed that if other companies took similar positive action while maintaining, but not further increasing, the then existing general wage level, the inflationary wage-price spiral might be halted. However, a third round of wage and salary increases, together with resulting higher costs for materials, transportation, etc., made it necessary not only to restore most prices to their former levels but, in many instances, to advance them beyond those levels. Accordingly, on a weighted average basis, prices of the Company's products were 4 per cent higher at the close of 1948 than they were a year earlier. Notwithstanding this fact, General Electric product prices during the year 1948 averaged only 37 per cent higher than in 1940 in contrast with a 95 per cent increase in prices for all manufactured products as measured by the index of the U.S. Department of Labor.

Income, Cost, and Profit Relationships

The Company's income, cost, and profit relationships have changed appreciably in recent years, a fact which may easily be overlooked when one considers only the *aggregate* amounts involved. Accordingly, the following summary of operating results is presented to show, in terms of pennies, where the *average* dollar of income came from and how that dollar was utilized in 1948 and earlier periods. Data for the years 1942-1946, inclusive, have been omitted because they were distorted by wartime and other unusual conditions.

	1948 (CENTS)		1947 (CENTS)		AVERAGE 1934–1941 (CENTS)	
Each dollar received came from the following sources:						
Sales of products and services to customers		98.9		98.8		96.7
Dividends and interest on investments, etc.		1.1		1.2		3.3
		100.0		100.0		100.0
Each dollar received was allocated as follows:						
Compensation of employees	37.0		37.9		36.8	
Job dividends—pensions, insurance, social security taxes, and all other employee benefits	3.0		3.2		2.4	
Total to, or for the benefit of, employees		40.0		41.1		39.2
For the wearing out of plant and equipment		2.3		2.1		3.8
For Federal taxes on income		5.7		4.8		7.3
For interest on borrowed money, etc.		0.3		0.4		0.1
For purchased raw materials, processed parts, supplies, etc., and all other costs or charges		44.2		44.5		38.4
Total cost of operating the business		92.5		92.9		88.8
Dividends declared payable to stockholders	3.1		3.4		10.5	
Earnings reinvested in the business	4.4		3.7		0.7	
Total to, or for the benefit of, stockholders (net profit per dollar of total income)		7.5		7.1		11.2
		100.0		100.0		100.0

The foregoing tabulation shows that operating costs consume a relatively larger portion of the Company's total income now than in prewar years, and that in particular the cost of materials, parts, etc., and the Company's own employment costs have increased. It should be borne in mind that a large part of the cost of items purchased as "materials" or "parts" actually represents "labor" cost in the form of wages paid by the suppliers of those items. For that reason—and to the extent that they are not accompanied by proportionate or greater gains in productive effort—blanket or "national pattern" wage increases almost invariably result in a higher cost of doing business. This higher cost can be recovered only through higher selling prices, through technological improvements, or through a combination of both. General Electric has used both means, but has placed emphasis on the technological improvement factor in order to minimize the inflationary effect of price increases.

Capital Invested in the Business

Of the amount of profit earned during 1948, 41.5 per cent was distributed to the stockholders in the form of dividends and 58.5 per cent was reinvested—or added to the amount which they had at risk—in the enterprise. This latter amount is generally referred to as the stockholders' "capital investment," and following is an analysis of the changes in such investment during the year 1948:

The stockholders' capital investment on January 1 was	$430,358,000
To which was added during the year:	
The net profit earned by the consolidated companies	123,835,000
The reinvested earnings of nonconsolidated affiliates	2,760,000
The profit (less tax thereon) realized on sales of investment securities	8,787,000
The amount transferred from the Reserve for Investments (see page 10)	43,421,000
	609,161,000
And from which was deducted the dividends declared on common stock during the year	51,386,000
Leaving stockholders' capital investment on December 31 of	$557,775,000

This capital investment, representing the stockholders' ownership of the Company, was evidenced by the following items as of the close of 1948:

Common stock—stated value of shares issued	$180,287,000
Investment in excess of stated value of stock (Capital Surplus)	13,772,000
Reinvested earnings (Earned Surplus—see page 11)	363,716,000
Total stockholders' capital investment	$557,775,000

The *total* amount of capital invested, or risked, in the business at the close of 1948 was $734,825,000, consisting of the stockholders' investment of $557,775,000 plus $177,050,000 borrowed from others. This amount was utilized in providing the plant facilities, inventories, etc., required in making the Company's products as well as the funds necessary for meeting payrolls and all other expenses and obligations.

Under normal circumstances the effectiveness with which the amount of capital invested has been utilized is indicated reasonably well by the rate of return earned thereon. The Company's 1948 earnings before interest charges were equivalent to a rate of return of 17.5 per cent on the total amount of capital invested at the close of the year, compared with 15.8 per cent for 1947, a prewar maximum of 18.9 per cent, and an average of 12.8 per cent for the eight years ended with 1941. It should be borne in mind, however, that in periods of inflation such rates are higher than they otherwise would be because they reflect the relationship of earnings dollars, having a declining purchasing power, to capital investment dollars which, to a considerable extent, were provided in earlier years when the dollar had a higher, and relatively stable, purchasing power. For example, the replacement cost, at current prices, of the Company's plant facilities is estimated to be more than $300,000,000 in excess of the actual cost.

Financial Position—Simplified

The distribution, or utilization, of the capital investment at any given time represents the Company's financial position at that time. The statement showing the Company's financial position is generally referred to as a "Balance Sheet" because the amount of the stockholders' capital investment balances, or equals, the difference between the stated value of the Company's total material resources and the sum of its liabilities and reserves. A simplified statement of General Electric's financial position at the close of each of the past two years is shown below:

	DEC. 31, 1948	DEC. 31, 1947
Cash, and items readily convertible into cash, such as marketable securities, receivables, inventories, etc. (Current Assets)	$ 695,075,000	$ 659,336,000
Securities held, and capital advanced to affiliated companies (Investments)	149,529,000	109,019,000
Plant and equipment, etc. (Fixed Assets)	259,319,000	195,929,000
Other material resources	73,469,000	62,581,000
Total material resources (Assets)	1,177,392,000	1,026,865,000
Accounts payable, taxes, unpaid dividends, and similar obligations—generally due within one year (Current Liabilities)	313,187,000	273,151,000
Notes payable for borrowed money	177,050,000	202,400,000
Other obligations	71,859,000	67,224,000
Provision for delayed costs (Miscellaneous Reserves)	57,521,000	53,732,000
Total obligations, etc. (Liabilities and Miscellaneous Reserves)	619,617,000	596,507,000
Difference, or stockholders' capital investment	$ 557,775,000	$ 430,358,000

Working Capital

That portion of the total capital investment which is subject to almost constant change in its use or distribution—in contrast with the amount of capital more or less permanently tied up in the form of plant, equipment, investments, etc.—is referred to as "working capital." This represents the difference between total liquid resources (Current Assets) and total obligations due within one year (Current Liabilities) as shown below:

	DEC. 31, 1948	DEC. 31, 1947
Cash and items readily convertible into cash, such as marketable securities, receivables, inventories, etc. (Current Assets)	$ 695,075,000	$ 659,336,000
Accounts payable, taxes, unpaid dividends and similar obligations—generally due within one year (Current Liabilities)	313,187,000	273,151,000
Difference, or Working Capital	$ 381,888,000	$ 386,185,000

The net decrease in working capital during the past year amounted to $4,297,000, which was accounted for as follows:

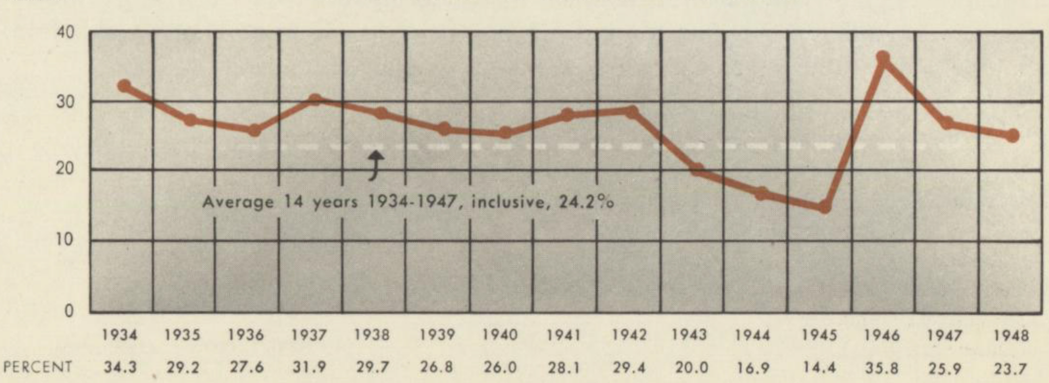
Principal sources of working capital:	
Net profit earned by the consolidated companies	$123,835,000
Provision for the wearing out of plant and equipment	38,273,000
Proceeds from sales of Miscellaneous Securities	43,515,000
	205,623,000
Principal reductions of working capital:	
Expenditures for plant and equipment	103,874,000
Dividends declared on common stock	51,386,000
Reduction in notes payable	25,350,000
All other (net)	29,310,000
	209,920,000
Net decrease in working capital during 1948	$ 4,297,000

From the foregoing it will be noted that the principal sources of additional working capital during 1948 were the year's earnings, the amount set aside for depreciation, and proceeds from the sale of Miscellaneous Securities. Most of the securities sold were acquired upon dissolution of Electrical Securities Corporation in 1947 and G.E. Employees Securities Corporation in 1948 (see comment relating to investment in Miscellaneous Securities on page 10). However, a still larger amount of working capital was utilized during the year, principally for the acquisition of plant facilities, for dividends, and in reduction of notes payable. Had the reduction in notes payable not been made, the Company's working capital would have shown an increase of $21,053,000 during 1948. After reducing the debt by $25,350,000 the outstanding notes payable for borrowed money totaled $177,050,000 on December 31, 1948.

Inventories

As is normally the case, a substantial portion of the Company's working capital at the close of the year was in the form of inventories of raw materials, partially completed products, and finished goods in warehouses or on consignment. After verification and valuation

INVENTORIES IN RELATION TO SALES*



Net Inventories at close of year as percentage of net sales for the year.

on the basis described in Note 6 on page 18, these inventories were carried at $387,551,000, or 12.3 per cent more than a year earlier. This was a record year-end amount due in part to the inflated cost of materials and labor and in part to the expanded physical volume of business. In relation to sales, however, the net inventory value was quite normal, having been equivalent to 23.7 per cent for 1948 compared with an average of 24.2 per cent for the preceding fourteen years as shown by the accompanying chart.

Investments

A portion of the capital invested in the business has been reinvested by General Electric in other companies and in its own common stock. These resources are shown on the Balance Sheet as "Investments" and fall into three general classifications—Nonconsolidated Affiliates, General Electric common stock, and Miscellaneous Securities.

Investments in **Nonconsolidated Affiliates** consisted of holdings of the capital stock of, and notes covering capital advances made to, subsidiary companies a majority of whose voting stock General Electric owns, but whose accounts are not included in detail in the consolidated financial statements. The way these investments were valued, and the manner in which the income they produce was recorded, is stated in Notes 1 and 3 on page 18 of this Report. Comments concerning the principal companies involved, whose activities supplement those of General Electric, appear below:

Canadian General Electric Company, Ltd., which manufactures and sells General Electric products in Canada, earned a net profit, expressed in Canadian dollars, of $5,300,000 for 1948 and $3,144,000 for 1947. The portion of these earnings available for the common stock outstanding, 95.4 per cent of which is owned by the Parent Company, was equivalent to $27.49 a share for 1948 and $16.04 a share for 1947. Dividends declared on common stock amounted to $8.00 a share in both 1948 and 1947, the dividends received by General Electric having been included in income at $1,434,000 in each year—the amount realized in U.S. dollars.

General Electric Credit Corporation, which conducts a sales financing business throughout the United States to aid in the distribution and sale of General Electric products, earned a net profit of $918,000 for 1948 compared with $302,000 for 1947. These respective amounts of earnings were retained—no dividends having been paid on the Corporation's common stock, the only class outstanding and all of which is owned by the Parent Company. As of December 31, 1948, the Corporation's total borrowings amounted to $40,500,000, consisting of $30,500,000 obtained from the Parent Company, and $10,000,000 obtained from outside sources—evidenced by serial notes maturing in 1951 through 1954.

General Electric Supply Corporation, a wholesale distributor with branches in more than 100 cities throughout the United States, earned a net profit of $7,187,000 for 1948 compared with $6,498,000 for 1947. The Parent Company owns all of the common stock, which is the only class outstanding. No dividends were paid during the past two years, the Corporation's earnings having been retained to help finance its greatly expanded volume of business. As of December 31, 1948, the Corporation's total borrowings amounted to $27,500,000 consisting of $20,250,000 of capital advances by the Parent Company, and $7,250,000 obtained from outside sources—evidenced by short-term commercial paper sold at a discount.

The investment in **General Electric Common Stock** represented the cost of 465,143 shares held for corporate purposes at the close of 1948. A total of 502,500 shares was acquired during 1948, of which number 16,700 shares were purchased and 485,800 shares were obtained from G.E. Employees Securities Corporation. The latter consisted of 10,000 shares received as a dividend in kind on the Corporation's common stock and 475,800 shares received when the Corporation was dissolved. During 1948, 56,279 shares were utilized, in lieu of cash, in connection with the Extra Compensation Plan. This stock was allocated to employees, as Extra Compensation for the year 1947, at its market value when the allocations were authorized. Of the stock thus disposed of, 42,137 shares were delivered, and 14,142 shares were contingently allotted, to participating employees. An additional 20,218 shares were utilized in connection with the Employees Savings and Stock Bonus Plan, such stock having been allocated at its average market value as of the end of each month of 1948 during which the Plan was in effect.

Investments in **Miscellaneous Securities** consisted of General Electric's financial interest in various other companies, including its minority holdings of the voting stock of such companies.

An unusually large quantity of Miscellaneous Securities was sold and converted into working capital during the year under review. In the first place, the Parent Company sold nearly all of the remaining securities in this category which had been acquired in 1947 as a result of the dissolution of Electrical Securities Corporation. It also sold the major portion of the corresponding securities which were acquired in 1948 upon the dissolution of G.E. Employees Securities Corporation. The proceeds from sales of all such securities by the consolidated companies during 1948 totaled $43,515,000, and those remaining in the investment portfolio as of the close of the year had an estimated market or fair value of $35,886,000.

Because of the substantial reduction in holdings of Miscellaneous Securities, the method of valuing these investments was changed as of December 31, 1948. It will be recalled that since 1935 (except for certain foreign investments carried at no value after 1939) all such securities, whether held by the Parent Company or by its affiliates, have, broadly speaking, been carried at their year-end market or appraised values, the net appreciation or depreciation in value each year having been credited to, or charged against, the Reserve for Investments. At the close of 1948, however, these investments were valued at their cost—except in the case of certain foreign investments, principally in Germany and Japan, which continue to be assigned no value. This change in practice resulted in decreasing the carrying value of Miscellaneous Securities held at December 31, 1948 from $35,886,000 to $31,705,000, a reduction of $4,181,000 which was charged against the Reserve for Investments.

The preliminary balance in the **Reserve for Investments** at the close of 1948, after the charge of $4,181,000 described in the preceding paragraph, was $58,421,000. However, having converted so large a portion of the portfolio of Miscellaneous Securities into working capital during 1948, and having either written down to cost or carried at no value those remaining in the portfolio, it was decided that $15,000,000 would be a sufficient amount to carry as a blanket reserve for the Company's investments. As a result, $43,421,000 was transferred from this Reserve to Earned Surplus (see page 12), leaving a final balance of $15,000,000 in the Reserve for Investments at December 31, 1948. For all practical purposes, this restoration to Earned Surplus represented a recovery of the investment values which had been charged off against reinvested earnings in the depression years of 1931 and 1932.

Plant and Equipment

The productive facilities of the Parent Company and its domestic manufacturing affiliates at the close of 1948 consisted of the 127 plants, located in 94 cities and 22 states, as listed on the inside front cover of this Report. These plants contained some 48 million square feet of floor space.

No major construction projects were undertaken by General Electric during 1948, nor are any under consideration at the present time. The two major projects still in process are (1) the facilities for steam turbine and electric generator production at Schenectady, which will begin operations during 1949, and (2) the Research Laboratory, also at Schenectady, which is now partially in use and should be nearly completed by the end of this year.

The changes in the Company's plant and equipment accounts during 1948 are summarized below:

Plant and Equipment—at cost		
Facilities in use January 1, 1948		$508,164,000
Additions during the year		103,874,000
		612,038,000
Facilities dismantled during the year		16,544,000
Facilities in use December 31, 1948		595,494,000
Depreciation Reserves		
At January 1, 1948	$312,236,000	
Additions charged to income	38,273,000	
Proceeds from sales, etc.	2,210,000	
	352,719,000	
Cost of items dismantled	16,544,000	
At December 31, 1948		336,175,000
Plant and Equipment—Net book value December 31, 1948		$259,319,000

Many economists, professional accountants and others, realizing the seriousness of the problems created by a continuing decline in the purchasing power of the dollar, recently have given very careful consideration to the question of the adequacy of funds set aside by business concerns for the replacement of plant and equipment facilities. Certain groups have stated that they are disturbed by the apparent general lack of awareness of the fact that if a business is to survive it must maintain the productivity of its assets by reinvesting a substantial portion of its earnings. To insure that adequate replacement funds are available, some authorities have suggested that fundamental changes be made in the basis of accounting for depreciation.

General Electric's management has also given this matter careful consideration and has decided to continue to base depreciation charges on the original cost of plant and equipment, which method is recommended by the public accounting profession. The Company has retained a substantial portion of its earnings in recent years and has consistently followed a conservative depreciation policy—as indicated by the fact that the net plant value at the close of 1948 was less than the cost of additions during the past three years and less than seven times the amount of depreciation charged against income during the year under review.

Earned Surplus

As shown by the tabulation on page 6, the principal item of the stockholders' capital investment was represented by Earned Surplus of $363,716,000 on December 31, 1948. This amount, which was in no sense a cash fund available for distribution, consisted entirely of earnings which had been retained in the business over the years and *reinvested* in the form of plant, equipment, inventories, receivables, and other resources.

Although the balance in the Earned Surplus account increased $144,485,000 during the past year, $60,853,000 of the increase represented transfers from other accounts of reinvested earnings for years prior to 1948, as shown by the following analysis:

		REINVESTED EARNINGS FOR	
	TOTAL	1948	PRIOR YEARS
Earnings in excess of dividends:			
Consolidated companies	$ 72,449,000	$ 72,449,000	—
Nonconsolidated affiliates	2,760,000	2,760,000	—
Transfers from other accounts:			
Reserve for Investments	43,421,000	—	$ 43,421,000
General Reserve	25,855,000	8,423,000	17,432,000
Increase in Earned Surplus during 1948	$144,485,000	$ 83,632,000	$ 60,853,000

The $43,421,000 transferred from the Reserve for Investments represented that portion of the Reserve balance which was no longer required, for reasons stated on page 10, and was, therefore, restored to Earned Surplus.

The $25,855,000 transferred from the General Reserve represented the entire balance in that account after the addition, in accordance with past practice, of profits (less tax thereon) realized on sales of Miscellaneous Securities during the year. The latter aggregated $8,423,000, an unusually large amount due to the fact that a substantial portion of the investment portfolio was converted into working capital in 1948. Since the General Reserve was actually an earmarked portion of Earned Surplus, it was decided to close out the Reserve and restore its balance to Earned Surplus as of December 31, 1948. In future years, any realized profits or losses on sales of Miscellaneous Securities will be added to, or charged against, current income.

Litigation

On October 8, 1948, the Federal District Court for the Southern District of New York handed down a decision against the defendants in the Carboloy case which had been pending since 1941. Fines imposed on the Parent Company, Carboloy Company, Inc., and International General Electric Company, Inc., totaled $50,000.

In imposing sentence the Court pointed out that the law governing the case had changed a great deal since the time of the original transactions with which the case was concerned, and it noted further that the defendants had relied on the then existing decisions and on the advice of eminent counsel. In view of the fact that the issues involved related to practices which have not been in effect for over eight years, no appeal will be taken.

On January 19, 1949, the Federal District Court of New Jersey handed down a decision against the Parent Company, International General Electric Company, Inc., and seven other defendants in a civil antitrust action, instituted in 1941, involving the incandescent lamp industry.

Although praising General Electric's impressive industrial achievement in the production of lamps, which has made possible a progressive price-reduction policy, the Court held that certain activities of the defendant companies constituted a violation of the Sherman Antitrust Act. Since no judgment has as yet been entered, the final effect of the decision will not be known for some time.

Regional Stockholders' Meetings

For years General Electric's management has regretted the fact that so few of the 250,000 owners of the Company have been able personally to attend the annual stockholders' meeting at Schenectady. Accordingly, during 1948 an attempt was made to rectify that situation by holding a series of regional meetings where as many of the stockholders as desired to do so could gather, meet and talk with some of the Company's officers and employees, and become more intimately acquainted with General Electric's affairs—its objectives, its accomplishments and its problems.

In total 40 meetings were held in 35 cities located in 21 states and the District of Columbia. Invitations to attend were extended to every stockholder who resided within a specified area in each respective community—a total of 148,000 persons. Acknowledgments were received from 30,000 stockholders, and the meetings were attended by 14,000 stockholders and their guests. Generally speaking, the reaction of those who attended was good, and many favorable comments and constructive criticisms were received. The management believes that the results achieved justify the scheduling of similar meetings from time to time in the future.

* * * * *

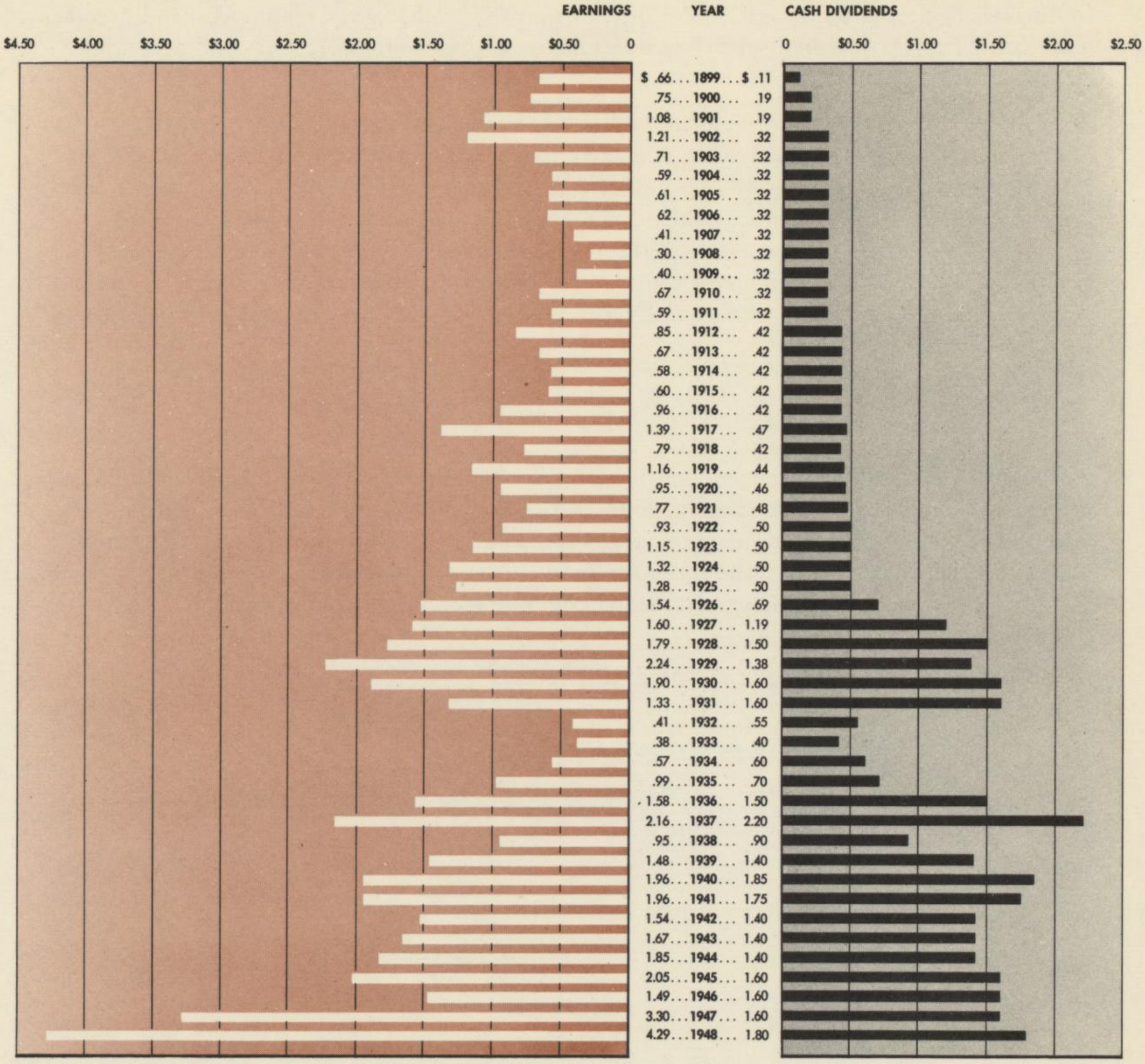
General Electric's management continues to face the future with confidence and remains firm in its belief that the long-term trend in the use of electricity and electrical products will be upward in spite of any temporary set-backs due to economic conditions. Its principal objective, as in the past, will be to maintain the Company's leadership in supplying more and progressively better products and services at the lowest possible prices consistent with the yield of a reasonable profit.

Respectfully submitted for the Board of Directors.

C.E. Wilson

PRESIDENT

50-YEAR RECORD OF EARNINGS AND DIVIDENDS PER SHARE OF PRESENT COMMON STOCK



EARNINGS	YEAR	CASH DIVIDENDS
$ .66	1899	$ .11
.75	1900	.19
1.08	1901	.19
1.21	1902	.32
.71	1903	.32
.59	1904	.32
.61	1905	.32
62	1906	.32
.41	1907	.32
.30	1908	.32
.40	1909	.32
.67	1910	.32
.59	1911	.32
.85	1912	.42
.67	1913	.42
.58	1914	.42
.60	1915	.42
.96	1916	.42
1.39	1917	.47
.79	1918	.42
1.16	1919	.44
.95	1920	.46
.77	1921	.48
.93	1922	.50
1.15	1923	.50
1.32	1924	.50
1.28	1925	.50
1.54	1926	.69
1.60	1927	1.19
1.79	1928	1.50
2.24	1929	1.38
1.90	1930	1.60
1.33	1931	1.60
.41	1932	.55
.38	1933	.40
.57	1934	.60
.99	1935	.70
1.58	1936	1.50
2.16	1937	2.20
.95	1938	.90
1.48	1939	1.40
1.96	1940	1.85
1.96	1941	1.75
1.54	1942	1.40
1.67	1943	1.40
1.85	1944	1.40
2.05	1945	1.60
1.49	1946	1.60
3.30	1947	1.60
4.29	1948	1.80

NOTE: Adjustments have been made for common stock dividends distributed prior to 1922 (see below) and for two increases in the number of shares (four shares for one in each case), the first in May 1926 and the second in January 1930. The earnings shown represent earnings of the Parent Company through 1933 and earnings of the Parent Company and consolidated affiliates thereafter, on the basis of the average number of shares issued. The dividends shown represent cash dividends declared. For dividends distributed in stock, see below. The amounts shown for 1909 cover the eleven months ended December 31, as of which date a change was made from a fiscal to a calendar year basis of reporting.

STOCK DIVIDENDS—In addition to cash dividends, the following dividends have been distributed in stock: 1902—66⅔% in common stock, to restore a 40% reduction made in 1898; 1912—30% in common stock; 1917—2% in common stock; 1918-1921 inclusive—4% annually in common stock; 1922-1925 inclusive—5% annually in special* stock; 1924—one share of Electric Bond and Share Securities Corporation stock; 1926—one dollar in special* stock; 1932—⅙ share of Radio Corporation of America common stock.

*Special stock, par value $10 a share, paying 6% annual dividend. Retired in 1935 at $11 a share and accrued dividend.

GENERAL ELECTRIC COMPANY AND AFFILIATES

CONSOLIDATED STATEMENT OF INCOME AND EARNED SURPLUS

	YEAR ENDED DECEMBER 31	
	1948	1947
Net sales billed	$1,632,700,606	$1,330,776,375
Costs, expenses, and other charges, except those shown separately below	1,390,285,951	1,157,162,302
Depreciation of plant and equipment	38,273,383	28,333,723
	1,428,559,334	1,185,496,025
Income from sales	204,141,272	145,280,350
Income from other sources:		
Interest and dividends from nonconsolidated affiliates	11,616,756	9,638,185
Other sundry revenue	7,241,080	7,129,935
	18,857,836	16,768,120
Less: Interest and other financial charges	*5,281,192*	*5,343,747*
	13,576,644	11,424,373
Total income, before charges or credits shown below	217,717,916	156,704,723
Charge or *credit* for:		
Federal taxes on income for year (Note 2)	93,700,000	64,798,572
Postwar adjustments and contingencies	—	*3,750,000*
	93,700,000	61,048,572
	124,017,916	95,656,151
Minority and nonconsolidated interests in net income	182,600	357,211
Net income applicable to General Electric Company common stock	123,835,316	95,298,940
Earned surplus at beginning of year	219,231,612	168,998,537
	343,066,928	264,297,477
Revaluation of investments in nonconsolidated affiliates for differences between net income or losses and dividends paid (Note 3)	2,759,905	1,040,989
Transfer from Reserve for Investments (Note 4)	43,420,695	—
Transfer from General Reserve (Note 5)	25,855,153	—
	415,102,681	265,338,466
Dividends on General Electric Company common stock	51,386,401	46,106,854
Earned surplus at end of year	$ 363,716,280	$ 219,231,612

The notes appearing on page 18, which include a description of the basis of consolidation, constitute an integral part of this statement.

General Electric Company and Affi

ASSETS

	DECEMBER 31, 1948		DECEMBER 31, 1947	
Current assets:				
Cash and marketable securities:				
Cash	$ 69,826,569		$ 77,873,168	
Marketable securities (quoted market $139,888,906)	139,881,819	$209,708,388	106,191,247	$184,064,415
Accounts and notes receivable, less reserves:				
Customers	141,336,901		124,906,327	
Nonconsolidated affiliates	54,644,736		53,276,768	
Other	16,984,531	212,966,168	11,503,164	189,686,259
Inventories, less reserves (Note 6)		387,550,661		345,227,270
		810,225,217		718,977,944
Less: Progress collections on contracts	*106,076,153*		*57,555,959*	
Price adjustments accrued	*9,074,408*	*115,150,561*	*2,086,277*	*59,642,236*
Total current assets		695,074,656		659,335,708
Investments:				
Nonconsolidated affiliates:				
Canadian General Electric Company, Ltd	27,295,548		20,803,393	
G.E. Employees Securities Corporation (Note 7)	—		46,015,350	
General Electric Credit Corporation	41,237,974		32,320,424	
General Electric Supply Corporation	34,649,313		11,956,083	
Others	15,251,441		16,137,090	
Total nonconsolidated affiliates (Note 3)	118,434,276		127,232,340	
General Electric common stock—cost (quoted market $18,082,448)	14,389,711		1,195,732	
Miscellaneous securities (Note 4)	31,704,655		58,353,982	
	164,528,642		186,782,054	
Less: Reserve for investments (Note 4)	*15,000,000*		*77,762,893*	
Total investments		149,528,642		109,019,161
Fixed assets:				
Plant and equipment—cost	595,494,584		508,164,075	
Less: Depreciation reserves	*336,175,211*		*312,235,404*	
Plant and equipment—net	259,319,373		195,928,671	
Patents and franchises	1		1	
Total fixed assets		259,319,374		195,928,672
Assets of special funds:				
Fund for payments under U.S. Government contracts	35,007,616		34,892,037	
Assets held for employee benefit plans and tax withholding collections	22,642,847		15,833,273	
Total assets of special funds—per contra		57,650,463		50,725,310
Other assets		15,818,411		11,856,112
Total assets		$1,177,391,546		$1,026,864,963

The notes appearing on page 18, which include a description of th

liates—Consolidated Balance Sheet

LIABILITIES AND CAPITAL

	DECEMBER 31, 1948		DECEMBER 31, 1947	
Current liabilities:				
Accounts payable	$ 62,339,993		$ 56,855,904	
Due to nonconsolidated affiliates	2,821,956		3,334,038	
Accrued Federal taxes on income for year (Note 2)	96,500,000		66,154,392	
Other accrued items	137,351,913		135,284,631	
Dividends unpaid	14,173,140		11,521,968	
Total current liabilities		$313,187,002		$273,150,933
Notes payable (Note 8)		177,050,000		202,400,000
Accounts payable and accruals—not current		12,526,153		9,233,564
Special funds:				
Fund for payments under U.S. Government contracts	35,007,616		34,892,037	
Actual and contingent liability for employee benefit plans and tax withholding collections	22,642,847		15,833,273	
Total special funds—per contra		57,650,463		50,725,310
Deferred income		1,538,367		2,122,436
Miscellaneous reserves		57,521,285		53,732,139
General reserve (Notes 2 and 5)		—		17,432,163
Minority interest		142,638		142,054
International General Electric Co., Inc. preferred stock held by G.E. Employees Securities Corporation (Note 7)		—		5,000,000
Special stock—6% cumulative; par value $10 (authorized and unissued 1,207,036 shares)				
Common stock and surplus:				
Common stock (authorized 35,000,000 shares no par value; issued 28,845,927 shares)	180,287,046		180,287,046	
Capital surplus	13,772,312		13,407,706	
Earned surplus	363,716,280		219,231,612	
Total common stock and surplus		557,775,638		412,926,364
Total liabilities and capital		$1,177,391,546		$1,026,864,963

basis of consolidation, constitute an integral part of this statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ***Basis of Consolidation:*** These financial statements represent a consolidation of the accounts of the Parent General Electric Company with those of the following affiliated companies 100% of whose voting stock is owned, directly or indirectly, by the Parent Company: Carboloy Company, Inc.; General Electric Realty Corporation; General Electric X-Ray Corporation; General Electric Medical Products Company; Hotpoint Inc.; International General Electric Company, Inc.; Locke Incorporated; The Mahoning Valley Steel Company; The Maqua Company; Monowatt Incorporated; Precision Laboratories, Inc.; The Trumbull Electric Manufacturing Company; and Telechron Inc.

The accounts of other companies, a majority of whose voting stock is owned, directly or indirectly, by the Parent Company, but whose businesses either do not involve manufacturing or are conducted outside the continental United States, were not consolidated and are carried on the Consolidated Balance Sheet as "Investments" on the basis described in Note 3. The income of the Consolidated Group includes the dividends received from these nonconsolidated affiliates rather than the equity of the group in their earnings or losses for the year.

In determining consolidated net income, intercompany profits included in the consolidated inventories are eliminated. In years prior to 1948, allowance was also made for income taxes payable upon distribution by the consolidated affiliates of their cumulative undistributed earnings. Since the present capital requirements of these affiliates make such distributions unlikely, and since the amount of tax involved is not significant, this practice was discontinued in 1948.

2. ***Federal taxes on income:*** The tax payable on 1948 and 1947 security profits credited to the General Reserve has been charged to that Reserve.

3. ***Revaluation of investments in nonconsolidated affiliates:*** In accordance with prior practice, the investment in each nonconsolidated affiliate was revalued at the end of 1948 so as to equal the amount of outstanding capital advances made to such affiliate by the consolidated companies plus the equity of the Consolidated Group in the net worth of the affiliate. For this purpose, "net worth" of the affiliate is computed on the basis of accounting employed by the Consolidated Group so that it is the amount remaining after deduction of intercompany profits included in the inventories of the nonconsolidated affiliate and provision for safety factor discounts applicable to foreign currency assets.

The amount of these revaluations which was attributable to an increase in the aggregate undistributed earnings (and net worth) of the nonconsolidated affiliates was credited to Consolidated Earned Surplus as "Revaluation of investments in nonconsolidated affiliates for differences between net income or losses and dividends paid." Revaluations attributable to profits or losses on dispositions of securities were credited or charged to the General Reserve (See Note 5), or in the case of General Electric common stock, to Capital Surplus. The treatment of Miscellaneous Securities is described in Note 4.

In years prior to 1948, the "net worth" of the nonconsolidated affiliates as computed for purposes of the annual revaluation also made allowance for income taxes payable on the distribution by these affiliates of their undistributed earnings. For the reasons specified in Note 1, in respect to the consolidated affiliates, this practice was discontinued in 1948.

4. ***Miscellaneous securities:*** Miscellaneous Securities owned by the Parent Company and its affiliates were carried on December 31, 1948 at cost less a reserve of $15,000,000 to provide for possible losses. "Cost" includes no amount for certain foreign investments, principally in Germany and Japan, which were written off some years ago. In prior years, Miscellaneous Securities were carried at their estimated aggregate market or fair values less a Reserve which was credited or charged each year with the amount of unrealized appreciation or depreciation of the portfolio in that year. As of December 31, 1948, the amount by which this Reserve exceeded the final balance of $15,000,000 was transferred to Earned Surplus. The excess of $43,420,695 so transferred was substantially equal to write-downs of the value of such securities which were charged to Earned Surplus or to the General Reserve (now transferred to Earned Surplus—See Note 5) in 1931 and 1932. The aggregate estimated market or fair value of the Miscellaneous Securities held by the Consolidated Group at December 31, 1948 was $35,886,000.

5. ***General reserve:*** At December 31, 1948, the balance in this Reserve, which consisted very largely of security profits realized during the period from 1935 to 1948, inclusive, was transferred to Earned Surplus. Since the amount of Miscellaneous Securities remaining in the portfolio is relatively small, future profits or losses on the disposition of such securities will be entered in current income.

6. ***Inventories:*** Inventories were verified by physical count during the latter part of the year. They are valued, in accordance with long established practice, at the lower of cost (which does not include certain indirect manufacturing expenses) or market, less reserves. Inventory reserves make provision for possible losses on inactive and excess stocks, for possible price declines, and for unrealized intercompany profits.

7. ***Investment in G.E. Employees Securities Corporation:*** This Corporation was dissolved in 1948, and the Parent Company, as sole stockholder, received, as a liquidating distribution, all the assets of the Corporation remaining after payment of its liabilities. These assets included 475,800 shares of General Electric common stock and 50,000 shares of the preferred stock of International General Electric Company, Inc.

8. ***Notes payable:*** At December 31, 1948, these consisted of notes issued by the Parent Company aggregating $175,000,000 and notes issued by General Electric Realty Corporation in the amount of $2,050,000. The Parent Company indebtedness consisted of $150,000,000 twenty-year 2.55% notes issued December 2, 1946 and $25,000,000 five-year 1⅝% notes issued December 3, 1946. On the twenty-year notes an annual payment of at least $3,000,000 must be made commencing in 1953, and the Company has the right to repay up to $7,500,000 annually in 1949 and thereafter without payment of premium. Additional prepayments may be made at a premium cost which decreases as the notes approach maturity. The five-year notes, originally aggregating $50,000,000 may be repaid at any time without payment of premium.

In addition to these borrowings by the Consolidated Group, General Electric Supply Corporation and General Electric Credit Corporation, both nonconsolidated affiliates, have borrowed funds from outside sources on their own account. As of December 31, 1948, the aggregate amount of such borrowings by the Supply Corporation was $7,250,000, evidenced by commercial paper having maturities not exceeding nine months, and that of the Credit Corporation was $10,000,000, evidenced by notes maturing serially from 1951 to 1954 inclusive.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

PEAT, MARWICK, MITCHELL & CO.
Seventy Pine Street
New York 5, N. Y.

To the Stockholders and the Board of Directors of
General Electric Company, Schenectady, N. Y.

We have examined the consolidated balance sheet of General Electric Company and affiliates as of December 31, 1948 and the related statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and related consolidated statement of income and earned surplus present fairly the financial position of General Electric Company and affiliates at December 31, 1948 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles. Apart from the changes in policy, which we approve, with respect to the discontinuance of provisions for taxes on undistributed earnings of affiliates (Notes 1 and 3) and the transfers to earned surplus of a portion of the reserve for investments (Note 4) and of the general reserve (Note 5), such principles were applied on a basis consistent with the preceding year.

Peat, Marwick, Mitchell & Co.

New York 5, N. Y.,
February 23, 1949.

EMPLOYEE BENEFIT PLAN STATISTICS*

Extra Compensation Plan

Amount accrued for 1948	$ 6,763,000

Of this amount such portion as may be determined will be allocated to eligible employees of the Parent Company and its consolidated affiliates in 1949. The amount accrued for 1947 was $5,190,000 of which $4,551,000 was allocated in 1948.

Life Insurance Plan (Established in 1920)

Amount in force—paid for by the Company	$153,416,000
Amount in force—paid for by employees	503,064,000
Total life insurance in force December 31, 1948	$656,480,000
Number of employees insured December 31, 1948	158,659
Benefits paid—year 1948	$ 2,851,000
Benefits paid—29 years ended December 31, 1948	$ 34,209,000
Number of beneficiaries—29 years ended December 31, 1948	14,274

Savings Plans

Employees Savings and Stock Bonus Plan (Authorized by stockholders in April, and inaugurated October 1, 1948. Provides for payment of a 15 per cent bonus, in General Electric common stock, on the cost—up to a maximum of $30,000,000 a year—of U.S. Savings Bonds, Series E, purchased by eligible employees by means of payroll deductions and left on deposit with the Company for five years.)

Cost of Bonds purchased during 1948 (3 months) and on deposit December 31, 1948	$ 5,415,000
Bonus of 15 per cent contingently credited to participants December 31, 1948 (Represented by 20,218 shares of General Electric common stock to be delivered to Trustees of G.E. Employees Stock Bonus Trust in 1949.)	$ 798,000
Number of employees participating December 31, 1948	77,090
Annual rate of cost of Bonds being purchased December 31, 1948	$ 25,134,000

U.S. Savings Bond Plan (Established in 1941 as War Savings Plan. Permits purchase of U.S. Savings Bonds by employees by means of payroll deductions or for cash, either apart from, or in addition to, Bonds purchased under the Employees Savings and Stock Bonus Plan outlined above.)

Cost of Bonds purchased May 1, 1941 to December 31, 1948	$253,254,000
Annual rate of cost of Bonds being purchased December 31, 1948	$ 4,871,000

Suggestion Plan (Formalized in 1922; awards made since 1906)

Awards for employees' suggestions—year 1948	$ 277,000
Awards for employees' suggestions—26 years ended December 31, 1948	$ 2,528,000

Relief and Loan Plans (Established in 1936. Funds provided equally by the Company and by employees)

Assets of Relief and Loan Associations December 31, 1948	$ 2,971,000
Loans granted—13 years ended December 31, 1948 (97 per cent repaid)	$ 5,933,000
Relief payments—13 years ended December 31, 1948	$ 253,000

*Statistics apply to Parent Company and all participating affiliates.

Pension Plans

Company Pension Plan (Established in 1912; amended in 1946 as authorized by stockholders. Provides old age pensions, disability pensions and payments upon death under certain conditions. Employees have a vested right to pensions upon compliance with certain conditions as to age and service. Pensions are divided into two parts (1) past service annuities—paid for entirely by the Company—for all employees who had one or more years of continuous service on September 1, 1946, and (2) future service annuities—paid for jointly by the Company and employees—applicable to service after September 1, 1946 for all employees who elect to participate.)

Assets of the General Electric Pension Trust December 31, 1948 (a)	$177,062,000
Pension payments—year 1948	$ 6,841,000
Pension payments—37 years ended December 31, 1948	$ 58,884,000
Number on pension rolls December 31, 1948	9,788
Average age of pensioners December 31, 1948	68.7 years
Average continuous service of pensioners to date of retirement	26.5 years

(a) These assets consisted principally of U.S. Government and other high grade securities. Company payments of $34,781,000 and employee payments of $12,070,000 are being made to the Trust for the year 1948.

Additional Pension Plan (Established in 1928 to promote saving by employees for supplemental pension purposes. Terminated as of September 1, 1946 except as to amounts accumulated on that date.)

Assets of the Additional Pension Trust December 31, 1948 (b)	$ 22,456,000
Number of participants December 31, 1948	24,786
Amount returned to participants—21 years ended December 31, 1948	$ 18,307,000

(b) Assets consisted principally of U.S. Government securities. Funds provided entirely by employees.

Pensioners Hospitalization Plan (Established in 1948. Provides free hospitalization benefits, within specified limitations, for eligible pensioners of the Company.)

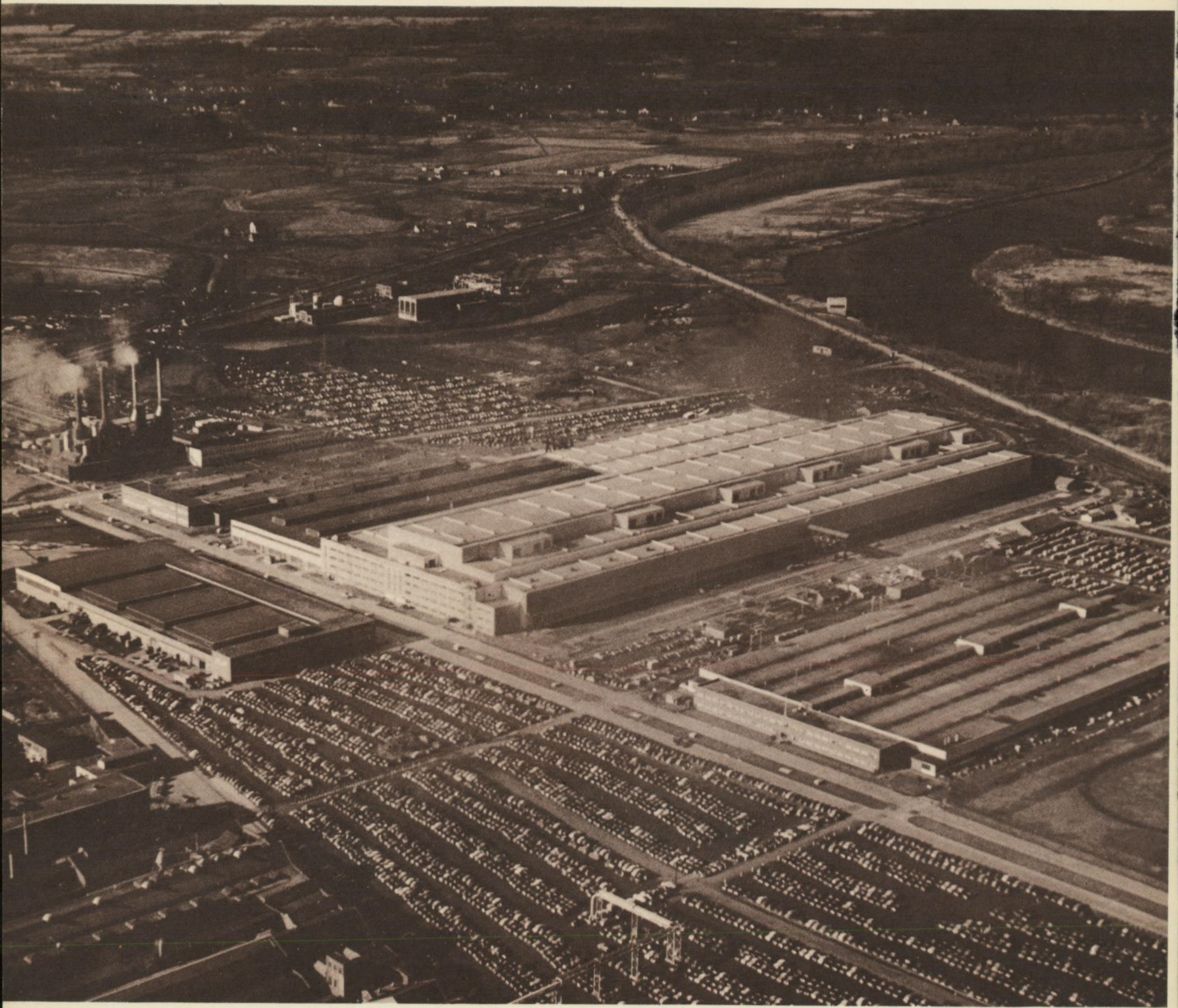
Assets of G.E. Pensioners Hospitalization Trust December 31, 1948	$ 5,865,000

These assets consisted principally of U.S. Government securities, and the funds were made available upon dissolution of G.E. Employees Securities Corporation by actions of its Board and the Board of the Parent Company.

General Electric Educational Fund (Established in 1945, in honor of Charles A. Coffin and Gerard Swope, the Fund consists of the Charles A. Coffin Foundation, created in 1922, the Gerard Swope Foundation, and the G.E. Employees Education Foundation. Income of the Fund provides educational loans, fellowships, and scholarships for employees and others.)

Assets of the General Electric Educational Fund December 31, 1948	$ 1,020,000
Amount of grants—26 years ended December 31, 1948	$ 236,000
Number of grants (to 365 individuals)	543

Other Employee Benefits include vacation and military duty allowances, payments for observed holidays, educational courses, and, in special circumstances, loans for purchase of homes. Through Mutual Benefit Associations (established in 1902) and through Group Disability Insurance Plans (established in 1939) employees and their families may receive disability, hospitalization, surgical and death benefits for sickness and accident cases not covered by Workmen's Compensation Laws; in general, the cost of benefits paid under these plans is borne by employees, and the cost of their administration is borne by the Company.



The new turbine factory at Schenectady covers 20 acres under one roof. Facilities now in several different buildings will be brought together here in 1949 for more efficient production as well as greater capacity. It will employ 5000 persons. Most of the Schenectady plant lies to the left of the picture.

Yearbook

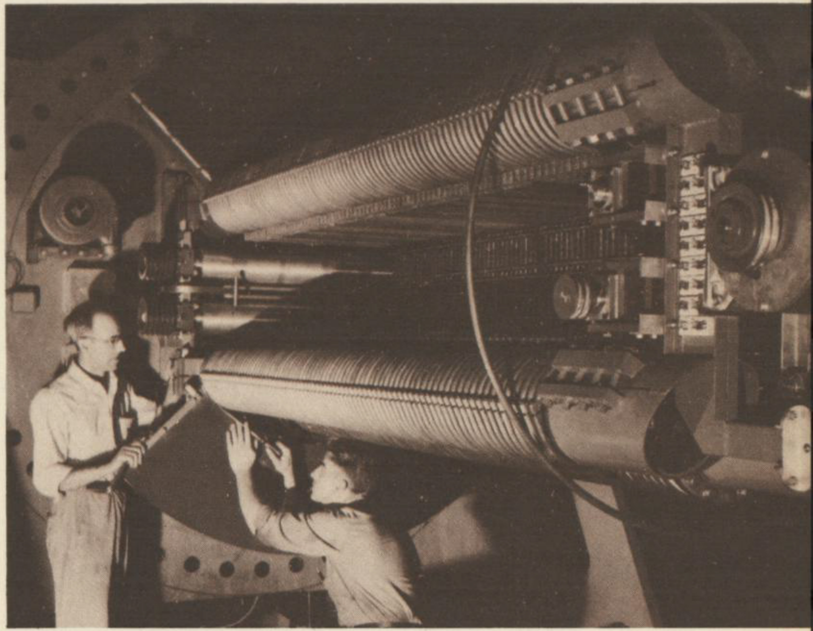
PROVIDING the means of turning more and more energy to man's advantage is the common objective of General Electric's varied activities. That is the end result of our research projects, and it is the function alike of the huge turbine generator in the powerhouse and of the small home appliance, the toaster or the light bulb. While 1948 was largely a year of catching up on earlier promises, the job of making power serve mankind presents ever expanding opportunities, and at year's end General Electric was on the threshold of new frontiers in research, in engineering, and in manufacturing.

The 1948 Yearbook records significant accomplishments and developments towards making power available for the home, for the factory and mine, for ships, planes, and trains, and even for the future.

Atomic Project

Power for the future is one goal of work done under contract for the Atomic Energy Commission. In September the A.E.C. announced the purchase of 4500 acres of land about 18 miles north of Schenectady as the site of an experimental atomic power plant for studying the generation of electric power from nuclear energy. This will be a part of the G-E operated Knolls Atomic Power Laboratory, which is being built on land adjacent to our own new Research Laboratory buildings. While this is an important step in developing the application of atomic power to peaceful purposes, our scientists and engineers still find probable commercial applications of atomic fuel a decade or more away.

The Knolls Atomic Power Laboratory is operated by the Company's Research Laboratory. In March a new administrative department, the Nucleonics Department, was formed with responsibility for the other large and important phase of the atomic energy job, operation for the Government of the Hanford Works at Richland, Wash., where a tremendous physical expansion is underway.



The General Engineering and Consulting Laboratory builds an "atom smasher," an electrostatic accelerator for Brookhaven National Laboratory.

The Research Laboratory began moving into the first wing of its new headquarters at the Knolls, overlooking the Mohawk River, near Schenectady.

Research Laboratory

The first wing of the Company's own new Research Laboratory facilities was completed in November, and we began moving equipment from the buildings which have served the laboratory since just after World War I. In the Laboratory a synchrotron was under construction which will operate at 300,000,000 electron volts. Sponsored by the Office of Naval Research, it may make possible controlled experiments in the laboratory involving nuclear reactions similar to those known to occur in cosmic rays.

Machines generating high-energy radiations hold promise in several fields. A 50,000,000-volt biased betatron producing high-energy x-rays is expected to have value in cancer research. It weighs eight tons and is a compact version of the 135-ton betatron operated at 100,000,000 volts in the laboratory for several years in atomic research. The new betatron will be used by the biology department of Union College to study the effects of high-energy radiation on living organisms.

Gas Turbines

Closer to practical realization, perhaps, than atomic power is the development of gas turbines for both transportation and electric power generation. The first gas-turbine electric locomotive, an Alco-GE 4500-horsepower unit, began track tests at our Erie plant in November.

Also under construction at Schenectady are two 3500-kilowatt gas-turbine generator sets. One, designed for service in Oklahoma, will use natural gas as fuel. Three larger 5000-kilowatt sets are on order.

These land gas turbines incorporate the experience gained by the Company as the leading American designer of aircraft gas turbines.

In this separate building of the new Research Laboratory, the behavior of materials in temperatures close to absolute zero (—273° C) will be studied.

Both are a logical outcome of decades of experience in designing steam turbines for electric power generation and ship propulsion. Our researches into metallurgy, making possible steam turbines operating at higher and higher temperatures and pressures, have quickened the pace of gas turbine development.

The Company's production of jet engines for aircraft will be tripled by a plant leased in Lockland, Ohio, which began operations late in the year.

Power Generation

Meanwhile, the more conventional steam turbine remains a most important part of our business and should continue to be. Even after building more than twice as much generating capacity for electric utilities in 1948 as in any previous year, we have a large backlog of orders to fill. Sixty-five units with a total capacity of 2,932,000 kilowatts were built during the year at Schenectady, and new sets still on order will add more than 9,000,000 more kilowatts to the nation's power generating capacity. Our ability to produce will increase during 1949 as the turbine shop moves into the vast new factory building nearing completion in Schenectady. This building covers more than one million square feet of floor space and will employ 5000 persons.

In addition to the 1948 record production at the Schenectady plant, smaller units with a total output of 650,000 kilowatts were produced at the Lynn and Fitchburg, Mass., plants. These include turbine-generators and turbines for a large variety of industrial plants, some utilities, and ships.

Six of the largest diesel-driven generators ever built were completed at Schenectady for the Mexican Light and Power Company. Especially designed for operation at 7450 feet elevation, these generators weigh 54 tons each, are as high as a two-story building.

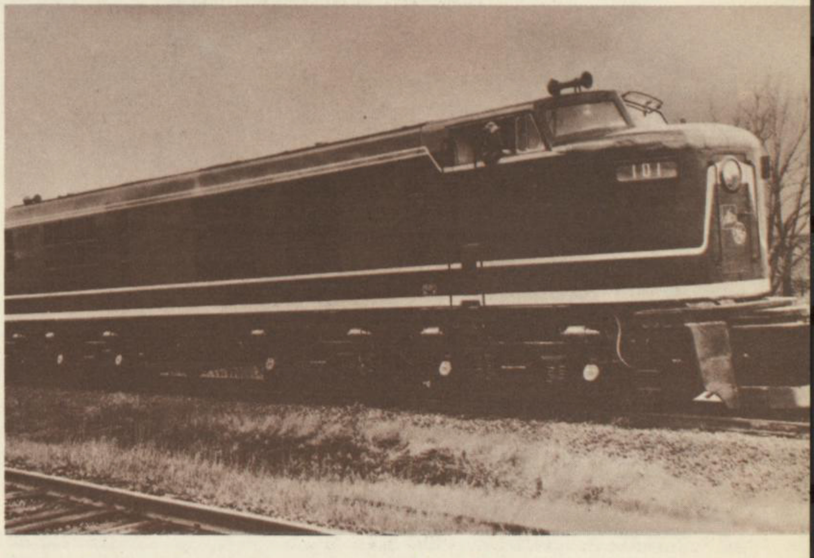
The Company continued to make new contributions in equipment for the transmission and distribution of electricity. Work began during the year on three transformers for the Detroit Edison Company which will be capable of supplying more electric power than any others in the world.

Important orders for turbines to power ships were in production at Lynn. Near year's end the first new "super-tanker" was launched. Its G-E turbine, operating at the highest combined steam temperature and pressure ever used in merchant ships, will deliver 12,500 horsepower. Main drive turbines for 19 more tankers and for three luxury liners, as well as auxiliary power equipment for 25 other tankers, are on order.

Future improvements in both gas and steam turbines are sure to stem from our comprehensive research program in metallurgy.

While progress is made each year, developments of the greatest significance usually extend over much longer periods and cannot be tagged with a label as short as "1948." A new watthour meter, for example, of revolu-

Propelled by the new General Electric TG-190 jet engine, this Air Force F-86 fighter set a new world's record of 670.98 miles an hour in September.



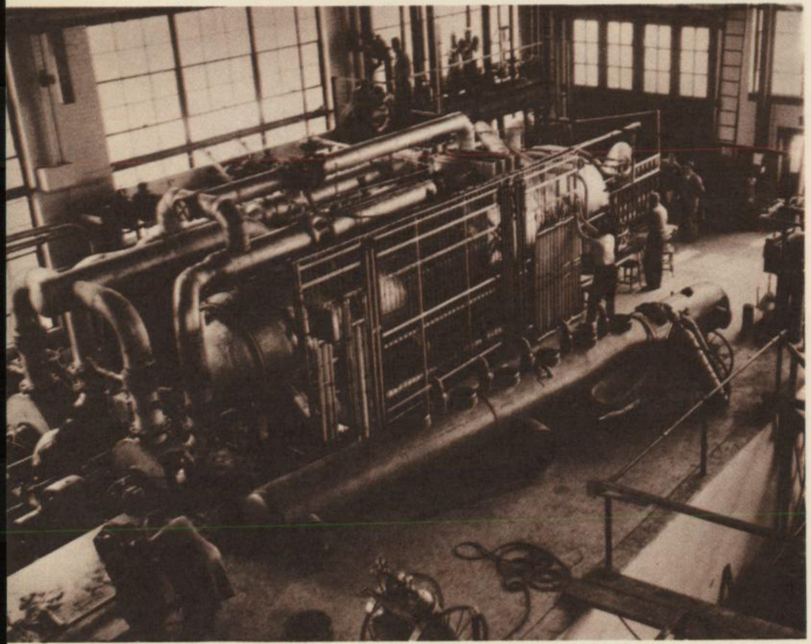
First electric locomotive equipped with a gas-turbine power plant began track tests at General Electric's Erie, Pa., plant. It burns Bunker "C" fuel oil.

tionary design, was announced during the year, but it represented many years of work. It used the repelling force of magnets to achieve a practically frictionless bearing. The new meter has served on test the equivalent of 66 years of service without wearing out. This is eight times the service expected of conventional meters.

Developments in Industry

The year added its share of dramatic examples of how electrification multiplies the productive power of American industry. Steel strip rolled out of a new West Coast mill at a speed of 3900 feet per minute with the aid of G-E motors and controls. Electric shovels in an Illinois open-pit coal mine, in an operation taking less than a minute, scooped up more than 60 tons, depositing the load at a point 75 feet higher and 200 feet away. New applications were found for electric power and controls in cranes, bridges, and dredges, in making cement and in drilling for oil, in printing, paper-making, and in weaving textiles.

While the modernization of industry is a major activity of the Company's Apparatus Department, contributions are also made by several other of our eight operating departments, including the Air Conditioning, Chemical, Electronics, and Lamp Departments.



Test stand for jet engines, part of General Electric's headquarters for aircraft gas turbines in Lynn, Mass. Since the war it has grown into a $25,000,000 center for jet development and production.

The availability of silicone rubber, oils, and water-repellents was greatly increased in 1948 when the Chemical Department's Waterford, N. Y., plant was put in full operation. New silicone products included a glass cloth coated with silicone rubber which will withstand an operating temperature of 520° F. Silicone oil, used as a mold release agent, improved production of aluminum and zinc die castings.

The Chemical Department also expanded its activities during the year by offering, in a highly competitive market, phenolic compounds formerly consumed entirely in our own plastics molding plants. These compounds are molded into a multitude of products, including radio cabinets and insulating parts for electric equipment.

Farm

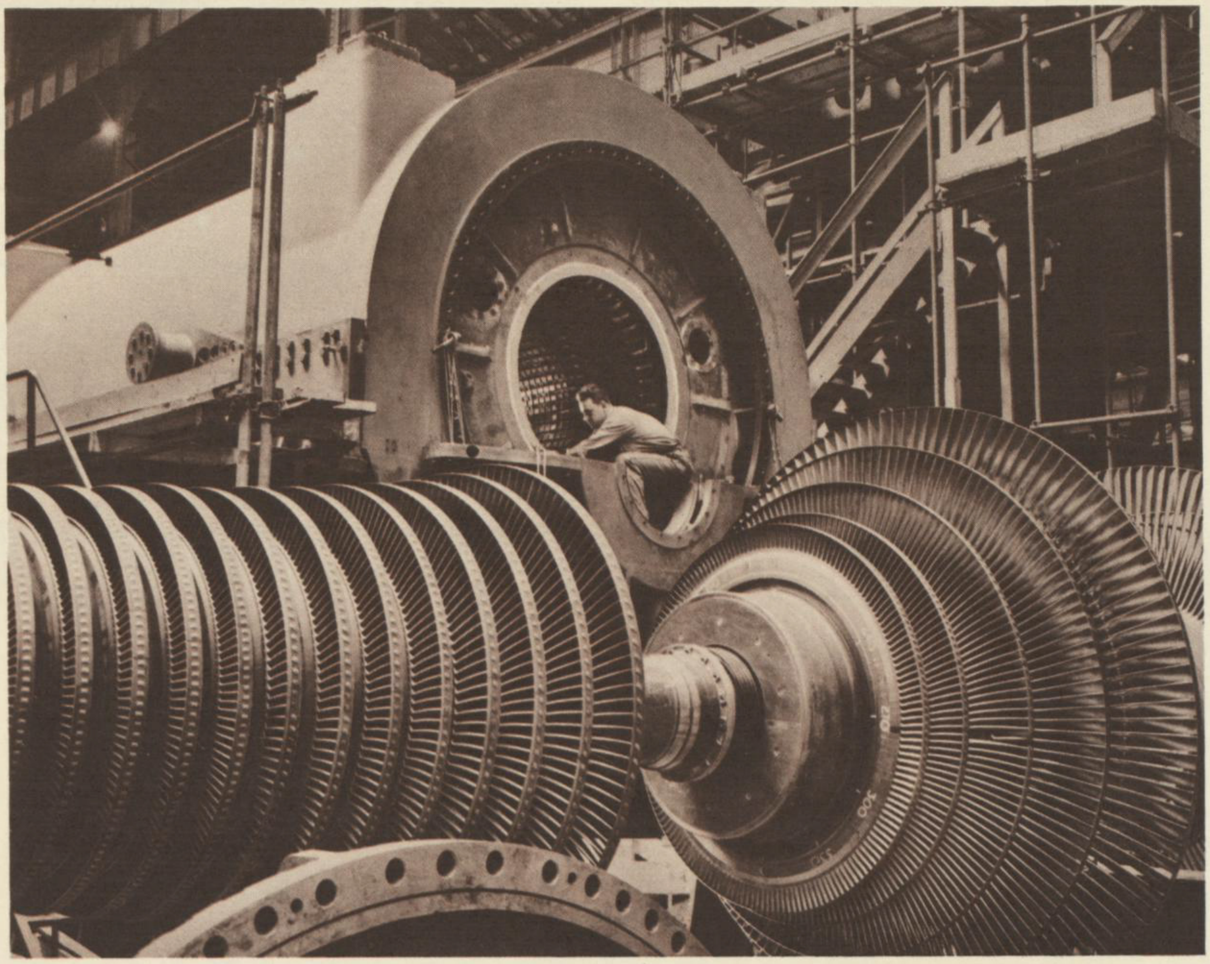
The great range of jobs which can be done electrically on the farm was further extended by a new five-horsepower portable motor. It can be handled by one man and is easily adapted to drive farm equipment such as hay driers, feed grinders, wood saws, silo fillers, conveyors, and supplemental irrigation pumps. Nearly four and a half million farms in the United States were electrified at the end of 1948, an increase of three million in the last ten years.

Electric Products for the Home

Satisfying pent-up demands was the main job in 1948 of those departments concerned with home products and store modernization. But, at the same time, many new and improved designs were introduced.

Several models of automatic home-heating equipment were redesigned into more compact units—an important advantage when considering the trend to smaller, utilitarian homes.

New air-conditioning units feature "building-block" construction for easy assembly under a variety of conditions. Five frame sizes, in both horizontal and vertical types, make 28 different arrangements possible.



A 100,000-kilowatt turbine-generator, shown being assembled at Schenectady, was put into service in 1948 at the new Sewaren, N. J., station of the Public Service Electric and Gas Company. Operating at 1050° F, it is the largest of its type in the world and is the first of three units ordered.

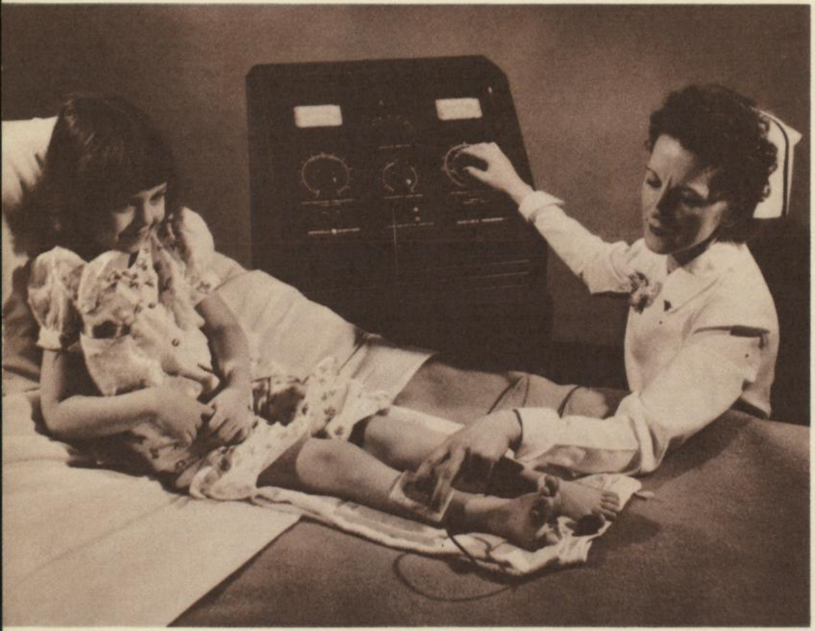
Home Appliances

Lighted push-button controls were added to the many advantages of electric cooking in two new General Electric ranges. The heating element switches at the touch of a button to the speed desired without going through several other switch positions.

Two new ten-cubic-foot refrigerators were added to the line. One, designed particularly for farm use, provides the storage flexibility of 20 different shelf arrangements. The other is a combination refrigerator and home freezer, each compartment having a separate door and control.

An electric water heater for use in the kitchens of small houses without basements was designed in a base cabinet style. It has a capacity of 40 gallons, and its porcelain enamelled top provides four square feet of work surface. Another new product was a built-in electric wall heater for bathrooms.

In the home-laundry field improved features were introduced in both the all-automatic washer and in a new de luxe wringer washer. Controls for temperature, timing, and the washing cycle have been consolidated into one set of controls on the automatic washer, and the new wringer washer has a newly designed control which gives split-second release of the wringer rolls.



To prevent paralyzed muscles from wasting away through disuse, the General Electric X-Ray Corporation developed this artificial stimulator.

Television receivers being assembled at Electronics Park. Some 3000 employees are engaged in television developmental and production work.

Construction Materials

Even low-cost houses can enjoy the advantages of remote control wiring with a new low-voltage system introduced in 1948. Garage doors can be opened from a switch in the kitchen, the kitchen coffeemaker turned on from the bedroom, or the radio controlled from the hall-telephone location.

Radio and Television

Television developments dominated the electronics field in 1948. Our Company is engaged in all phases of this new industry.

At Electronics Park, Syracuse, television receivers were being made in December at a rate of 200,000 a year, which will be substantially increased in 1949. The new "Daylight" picture tube introduced by General Electric gives almost twice as much light and better image detail and contrast. Television transmitters made during the year were delivered to new stations in Boston, Chicago, Detroit, Miami, Dallas, Los Angeles, San Francisco, and Syracuse.

Long-playing record players were added to the Company's line of combination receivers. Among the new products added in other lines were FM radio receivers for bus application, "bi-focal" radar for marine use, and a single-packaged FM transmitter-receiver unit for two-way communications.

Lighting

On the tenth anniversary of the fluorescent lamp, first introduced by General Electric in April, 1938, the 206,500,000th fluorescent lamp was produced. The significance of our continuing work towards developing new light sources was further emphasized during this anniversary year by this fact: one third of the sales dollars of our Lamp Department in 1948 came from light sources which did not even exist ten years ago. These included the fluorescent lamp; the sealed beam lamp now used on automobiles, airplanes, and railroad locomotives; the reflector sun lamp; and the war-developed photoflash tube.

A striking example of fluorescent lamp improvement during the year was the new 85-watt lamp. By use of the rare and inert gas krypton, this new lamp gives the same light and service for only 85 watts that the former lamp gave for 100 watts—a substantial saving for the customer, particularly in industry where this large lamp is most widely used. "Soft white" and "warm tint" colors were announced, expanding the applications for fluorescent lamps.

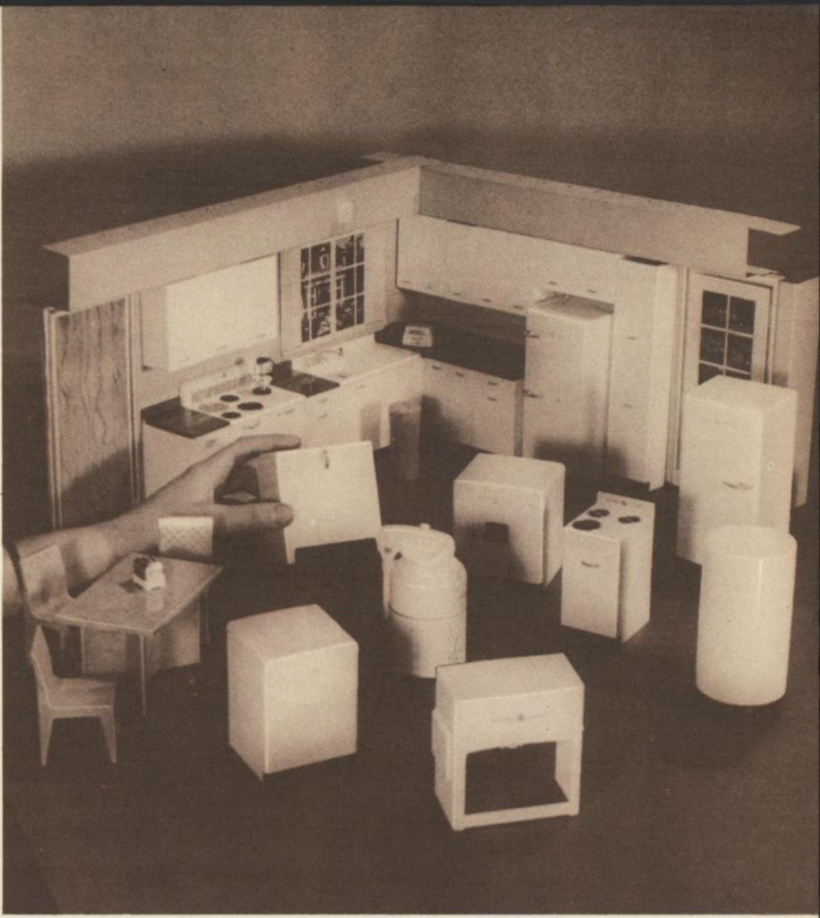
The use of fluorescent lighting in commercial installations has been greatly stimulated by the narrow-diameter, long, slimline fluorescent lamp. It has many advantages in store lighting, and in 1948 a new hotel in Cincinnati, the Terrace Plaza, used slimline throughout its 400 rooms. Slimline lamps also were successfully adapted for use in motor coaches, subway stations, and tunnels. Production of slimline lamps will be increased by a new plant in Circleville, Ohio, which opened in December.

The demand for better street lighting was impressively indicated by a single order covering 240 towns and cities served by the Public Service Company of Indiana.

New Incandescent Bulb

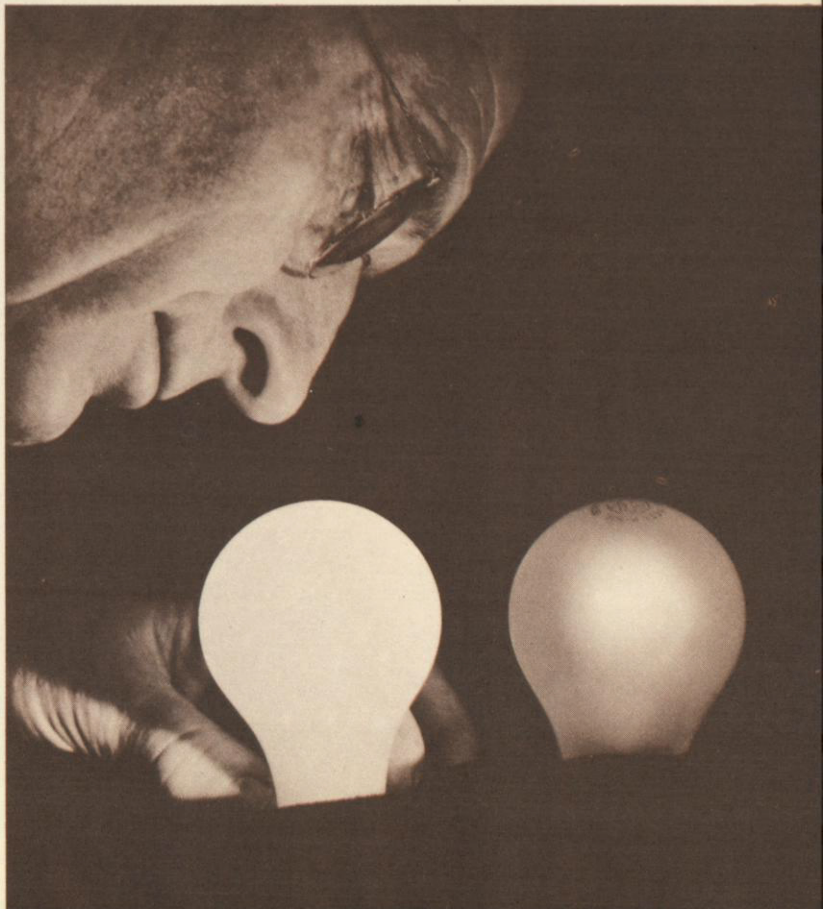
Inside the ordinary incandescent lamp bulb, a tiny filament is heated to an intense spot of light. How to diffuse that spot of light, evenly over a large area, with minimum loss of light, has been the object of years of painstaking research. In 1925 an economical method of frosting the inside of the bulb was discovered. Ironically, this frosted package has hidden to the casual observer the continuing miracles within the bulb, such as the remarkable fabrication of its hairlike but sturdy filament.

But the latest in the long history of lamp improvements is one which displays itself. A new 100-watt bulb, introduced in December, gives just as much light while achieving nearly perfect diffusion. In addition to frosting, the new bulb has an inside white coating. The result which seems so simple in the finished product is, in actuality, the answer to decades of effort by men of science.



The miniature *Applianset* aids retailers, architects, builders and others engaged in kitchen planning. Exact replicas of General Electric kitchen and laundry units are molded by the Plastics Division.

The even diffusion of light by the 100-watt incandescent lamp with the new white inside finish is shown by the bulb on the left in contrast with the standard frosted lamp of the same wattage on right.



ORGANIZATION CHANGES

Pursuant to the by-laws, and by action of the Board, the authorized number of Directors was increased from seventeen to eighteen and later reduced to seventeen during 1948.

Robert C. Stanley, Chairman and President of The International Nickel Company of Canada, Limited, resigned as a Director on December 17, 1948, after having served in that capacity since 1935.

Robert W. Woodruff, Chairman of the Executive Committee of The Coca-Cola Company, was elected a Director on February 27, 1948.

George G. Montgomery, Vice President of Castle and Cooke, Limited, was elected a Director on October 22, 1948.

Earl O. Shreve, Vice President since 1934, retired as of April 30, 1948 under the provisions of the Company Pension Plan after more than forty-three years of service.

Elmer D. Spicer, Vice President since 1941, retired as of September 30, 1948 under the provisions of the Company Pension Plan after more than twenty-four years of service.

Roy W. Johnson, General Manager of the Affiliated Manufacturing Companies Department, was elected a Vice President on September 10, 1948.

Raymond R. Rausch, a consultant on manufacturing matters, was elected a Vice President on September 10, 1948 and has charge of manufacturing policy.

Harold F. Smiddy, General Manager of the Chemical and Air Conditioning Departments, was elected a Vice President on December 17, 1948.

Clarence C. Walker, formerly a Commercial Vice President, and now General Manager of the Construction Materials Department, was elected a Vice President on December 17, 1948.

Roy C. Muir, a retired Vice President, returned to active service as General Manager of the Nucleonics Department and was re-elected a Vice President on April 23, 1948. As of December 31, 1948, Mr. Muir resigned as Vice President, relinquished his duties as General Manager, and became a consultant on nucleonics matters.

William O. Batchelder, Commercial Vice President since 1934, retired as of July 1, 1948 under the provisions of the Company Pension Plan after forty-three years of service.

John E. N. Hume, Commercial Vice President since 1938, retired as of July 31, 1948 under the provisions of the Company Pension Plan after more than forty-one years of service.

Alexander S. Moody, Commercial Vice President since 1938, retired as of November 30, 1948 under the provisions of the Company Pension Plan after more than forty-two years of service.

Ross I. Parker, formerly Manager of the Central District of the Apparatus Department, was elected a Commercial Vice President on May 28, 1948.

Ralph M. Darrin, formerly Manager of the Central Station Divisions—Apparatus Department, was elected a Commercial Vice President on December 17, 1948.

GENERAL ELECTRIC

BOARD OF DIRECTORS

CHARLES F. ADAMS
S. SLOAN COLT
JOHN COWLES
DONALD K. DAVID
CHARLES D. DICKEY
G. PEABODY GARDNER
FRANCIS L. HIGGINSON
GEORGE G. MONTGOMERY
HENRY S. MORGAN
ALEXANDER C. NAGLE
PHILIP D. REED
EDWARD R. STETTINIUS, JR.
ROBERT T. STEVENS
SIDNEY J. WEINBERG
LEWIS B. WILLIAMS
CHARLES E. WILSON
ROBERT W. WOODRUFF

OFFICERS

CHARLES E. WILSON................*President*
PHILIP D. REED........*Chairman of the Board*
RALPH J. CORDINER..........*Vice President—Assistant to the President*

Vice Presidents

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WALTER R. G. BAKER
LEMUEL R. BOULWARE
HENRY V. ERBEN
HARRY L. ERLICHER
ZAY JEFFRIES
ROY W. JOHNSON
CHESTER H. LANG
RAY H. LUEBBE
ROBERT S. PEARE
EDWIN E. POTTER
DAVID C. PRINCE
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RAYMOND R. RAUSCH
MARTIN L. SLOAN
HAROLD F. SMIDDY
C. GUY SUITS
CLARENCE C. WALKER
HARRY A. WINNE

Comptroller	*Treasurer*	*Secretary*
DONALD L. MILLHAM	JOHN D. LOCKTON	WILLIAM W. TRENCH

Commercial Vice Presidents

THEOPHILUS F. BARTON..............*New York*
LEONARD T. BLAISDELL..............*Cleveland*
WILLIAM B. CLAYTON..................*Dallas*
RALPH M. DARRIN......................*Boston*
ORVILLE F. HAAS..................*Philadelphia*
CLAUDE J. HENDON....................*Atlanta*
WILLIAM H. MILTON, JR......*Washington, D. C.*
ROSS I. PARKER........................*Chicago*
RAY W. TURNBULL...........................*San Francisco*

HONORARY OFFICERS

GERARD SWOPE...........*Honorary President*
OWEN D. YOUNG.........*Honorary Chairman*
WILLIS R. WHITNEY...........*Honorary Vice President*

General Electric sponsors an evening broadcast of the Fred Waring Show each week over a coast to coast network. This program advertises consumer products of three Departments, and in addition tells the general story of Company achievements in research, engineering, and manufacturing.

* * * * * *

All of General Electric's diversified lines, making up some 200,000 products,
are sold with the support of specific advertising programs
appropriate to the needs of their markets. But there is also an over-all story,
common to every product. Before it is offered,
each product must meet the General Electric standards of engineering and quality.
It is the aim of General Company advertising, as illustrated in the examples facing this page,
to explain the basis for the message which we believe
is inherent in the products themselves:

You can put your confidence in—

GENERAL ELECTRIC

The General Electric 60-watt lamp you see here gives 56% more light than it used to . . . And the diesel-electric locomotive saves money by hauling bigger loads at less fuel cost.

The better job a product does . . . the less it really costs

Here are other examples of buying more for your money. An electric range that costs less than ever to operate . . . A turbine that uses less coal in making electricity . . . A refrigerator that stores one-third more food but takes up no more space. These are typical examples of what research and engineering have done to improve General Electric products over the years. When a product is designed to do more, it costs less to own.

You can put your confidence in—

GENERAL ELECTRIC

Largest staff of scientists and engineers in industry
You can put your confidence in—
GENERAL ELECTRIC

The tests get tougher . . . the products get better
You can put your confidence in—
GENERAL ELECTRIC

General Electric research and engineering help everybody
You can put your confidence in—
GENERAL ELECTRIC

Even the simplest G-E product has pedigreed parts . . .
You can put your confidence in—
GENERAL ELECTRIC